

1998 SMALL BUSINESS PROFILE

SMALL BUSINESS: HEART OF THE NEW JERSEY ECONOMY

The importance of small business to the state of New Jersey is apparent in the 1998 Small Business Profile. This year's findings, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, indicate that small businesses are vital to the state's economy. Not only do small businesses play a critical role by efficiently reallocating the state's resources and injecting new ideas into the economy with business starts and stops, but their diversity and composition provide the work force with many opportunities.

Number of Businesses - In 1997, New Jersey had 212,820 businesses with employees; 98.5 percent of the businesses were small businesses (percent based on 1995 data for businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 192,000 self-employed persons in 1997.

Small Business Income - The income of sole proprietors and partners rose 4.4 percent to \$16.4 billion in 1997, while wage-and-salary income rose 6.2 percent. The state also exported \$20.8 billion of goods in 1997. (In 1992, 86.9 percent of the exporters in the state were small businesses.)

Women-Owned Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 220,600 women-owned businesses in New Jersey, including part-time firms, employing 616,500 people and generating \$91.0 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 72.7 percent.

Minority Businesses - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, increased 38.3 percent from 1987 to 1992, totaling 20,137 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 83.5 percent during the same time period with 22,198 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 12,665 in 1987, to 23,116 in 1992, representing an 82.5 percent increase.

Business Turnover - Between 1996 and 1997, the number of new firms decreased 1.7 percent, while new business incorporations decreased 3.0 percent. Financial difficulties leading to business bankruptcies increased by 4.2 percent and business failures increased by 7.4 percent.

Finance - An SBA Office of Advocacy study found that the number of banks in New Jersey decreased from 95 in 1994 to 70 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
PANASIA BK	Fort Lee
METROPOLITAN ST BK	Montville
MINOTOLA NB	Vineland
TINTON FALLS ST BK	Tinton Falls
FARMERS & MRCH NB OF BRIDGET	Bridgeton
BANK OF GLOUCESTER CTY	Deptford Township
COMMUNITY NB OF NJ	Westmont
PRESTIGE ST BK	Flemington
EQUITY NB	Atco
SHREWSBURY ST BK	Shrewsbury
NEWFIELD NB	Newfield
YARDVILLE NB	Yardville
HUDSON UNITED BK	Union City
SUMMIT BK	Hackensack
FLEET BK NA	Jersey City

Small businesses seeking loans should also consider banks that participate in SBA loan programs. To locate an SBA preferred or certified lender near you, call 1-800-8-ASK-SBA.

Job Growth - From 1992 to 1996, small businesses (fewer than 500 employees) created all of the net new jobs. The figures below indicate the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	339,265	61,314	15,827	52,784	(170,750)	298,439
Manufacturing	7,828	2,649	(6,057)	85	(70,194)	(65,689)
Retail Trade	63,663	9,715	3,533	16,431	(13,890)	79,453
Services	164,410	32,253	20,312	28,759	(19,721)	226,015
Other	103,364	16,698	(1,963)	7,509	(66,946)	58,661

Industries - Small firms in the state are represented in many industries. The Health Services industry is the largest small business employer in New Jersey, followed by Business Services. The fastest growing industry for small business is Transportation Equipment (represents industries that were at least 0.25 percent of the 1995 total). The following three tables provide information about the small business sector in the state.

Table 1, Top Five Industries by Employment, 1995

Industry	SIC	Total Empl.	Percent of total	Percent small
Total - All Industries	1	3,184,257	100.0	53.2
Health Services	8000	334,235	10.5	42.3
Business Services	7300	243,917	7.7	54.3
Wholesale Trade - Durable Goods	5000	164,470	5.2	68.0
Eating & Drinking Places	5800	163,407	5.1	70.5
Wholesale Trade-Nondurable Goods	5100	139,834	4.4	54.8

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	1,694,690	100.0	53.2
Health Services	8000	141,464	10.5	42.3
Business Services	7300	132,498	7.7	54.3
Eating & Drinking Places	5800	115,259	5.1	70.5
Wholesale Trade - Durable Goods	5000	111,891	5.2	68.0
Special Trade Contractors	1700	81,535	2.7	95.8

Table 3, Fastest Growing Industries in Employment for Small Business, 1994 - 1995

Industry	SIC	Small Bus. Empl. 1995	Net change	Percent change
Total - All Industries	1	1,694,690	60,298	3.6
Transportation Equipment	3700	3,227	423	13.1
Heavy Construction	1600	11,157	1,449	13.0
Building Construction	1500	26,966	2,993	11.1
Special Trade Contractors	1700	81,535	8,917	10.9
Agricultural Services	700	13,705	1,313	9.6

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation for Women Business Owners, and Cognetics, Inc.